ANNUAL IT REPORT TO AGENCIES

from
The Office of Planning and Research
Division of the State CIO

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Definitions of Terms

1. Information Technology Subarticle 5, Section 11-35-310 of the South Carolina Consolidated Procurement Code defines information technology as follows:

> (l) **"Information Technology (IT)**" means data processing, telecommunications and office systems technologies and .... services:
> (a) **"data processing"** means the automated collection, storage, manipulation and retrieval of data including:
> - central processing units for micro, mini and mainframe computers; related peripheral equipment such as terminals,
> - document scanners, word processors, intelligent copiers, off-line memory storage and printing systems, data
> - transmission equipment; and related software such as operating systems, library and maintenance routines and
> - applications programs.
> (b) **"telecommunications"** means voice, data, message and video transmissions, and includes the transmission and switching facilities of public telecommunications systems, as well as operating and network software.
> (c) **"office systems technology"** means office equipment such as typewriters, duplicating and photocopy
> machines, paper forms and records; microfilm and microfiche equipment and printing equipment and services.
> (d) **"services"** means the providing of consultant assistance for any aspect of information technology, systems, and networks.

This section of law identifies the types of items that require the approval of the CIO Division and the types of items that are, therefore, to be included in an agency's IT plan.

2. Information Technology (IT) Plan The IT plan is an annual document prepared by all agencies, institutions, boards, and commissions (except legislative agencies) in October of each year and submitted to the Division of the State CIO for analysis and evaluation. (From this point on, the term **agency** will be used to represent any entity submitting an IT plan.) The plan sets forth an agency's proposed IT applications for the coming fiscal year along with justifications, technical descriptions and projected costs. The applications are evaluated by the Office of Research and Planning within the Division of the State CIO and returned to the requesting agency no later than the second Wednesday in January of the following year. Note that applications costing less than $50,000 do not require CIO approval and are, therefore, not included in an agency's IT plan.

3. Funding Sources For each application in an IT plan, the agency identifies the source, or sources, of funds that will be used to pay for the application. There are five (5) possible sources:

New - indicates that new appropriations will be used to fund the application. In this case, the agency must also submit a Budget Request to the Office of the State Budget for the same amount of funds for the same purpose. If there is not a corresponding budget request, the Office of Research and Planning will automatically disapprove the application.

Base - the agency already has the needed funds for the application in its base budget. The base budget consists of appropriated monies received in prior years.

Revenue – funds to pay for the application will come from revenue received by the agency for services provided. Examples of agencies who rely on revenue funding sources are the Division of the State CIO (computer services provided), the Department of Public Safety (driver license fees), and the Department of Insurance (administrative fees.)

Federal – federal grant or other federal funds will be used.

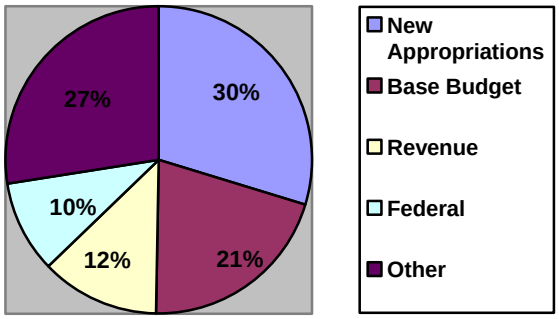
Other – this is a catchall category for funding sources not included in the above. An 'Other' funding source might be the local funds or donations received by an agency for the purchase of information technology.

4. Base Budget In addition to its planned applications, an agency is also required to include with its plan an estimate of its base operating budget for IT. This is simply a presentation, by IT category, of all the monies contained in the agency's IT budget at the beginning of the year in which the plan is being **prepared**. For example, agencies prepare their FY 2004-05 IT plan in FY 2003-04. This means that the base budget an agency submits with its 2004-05 IT plan will be its budget at the beginning of FY 2003-04 (July 1, 2003). The base budget, therefore, reflects the IT monies the agency had to work with during the current fiscal year. Base budget figures are used to report to the Legislature the state's approximate annual cost of IT operations.

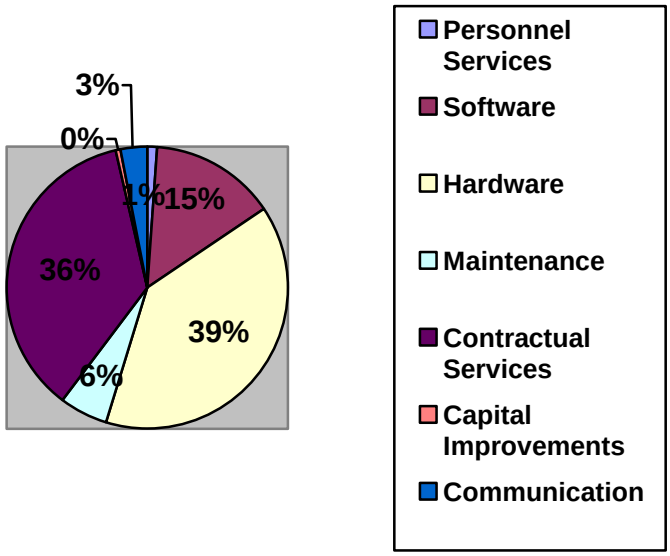
Planning Statistics for FY 2004-05

One hundred and seventy-eight (178) state organizations, including agencies and agency subdivisions, were due to submit IT plans for fiscal year 2004-05. When it is taken into account that many agency subdivisions merge their individual IT base budgets with the main agency's overall IT base budget, only sixteen (16) organizations failed to submit either a base budget or IT applications this year. This represents a 91% compliance. Of those not responding, most were small boards and commissions.

Many agencies submitted only a base budget, but fifty-two (52) agencies submitted applications also. The Office of the State CIO received and evaluated one hundred and ninety-three (193) applications involving a total cost of $75,124,067 in funds from all sources. Funding requests were divided among the five funding sources as follows:



Proposed expenditures by major IT cost categories were:



Of the total $75,124,067 requested, the Office of the State CIO was able to recommend approval of $50,693,449, or 67.5%.

Annual Operating Cost

The total base budget figure for all agencies and institutions is the closest estimate we have the state's overall annual operating cost for information technology. The total base budget for FY 2003-04 was roughly $444 million. The total number of classified IT positions was 2,972. South Carolina compares to its sister states as follows:

	Population	State Budget	IT Budget	As % of State Budget	IT FTEs
SC	4.1 M	$15.4 B	$ 444 M	2.9 %	2,972
NC	8.4 M	$27.2 B	$ 768 M	2.8 %	5,161
FL	17.0 M	$50.4 B	$ 305 M	0.6 %	3972
TN	5.7 M	$18.5 B	$ 324 M	1.75 %	1,638
GA	8.0 M	$16.0 B	$ 443 M	2.7 %	1,193

*Note: Many of the above figures for the other states are rough approximations. In several cases, the Office of the State CIO was advised by representatives of the other states that their figures did not include all government entities. Further, the figures for Georgia and Florida do not include higher education.

Planning Effectiveness

A rough measure of how well agencies are able to project their future IT needs in the planning process is given by the percentage of **planned** as opposed to unplanned requests received each year by the Planning Office. For 2003-04, that figure was 69%, up from 60% in 2002-03. In 2003-04, forty-two (42) agencies were able to project 100% of their IT needs in their annual IT plan. Ten (10) agencies, on the other hand, relied entirely on **unplanned** requests during that year.

Trends and Common Applications

PC Refreshment

Fifteen (15) agencies are planning to upgrade their PCs in 2004-05, most according to a 3-year replacement cycle. Three years has been the industry rule-of-thumb for PC

upgrading until recently. Today, industry consulting firms such as The Gartner Group recommend a 4-year rather than a 3-year replacement cycle for the typical end-user. This is based on the increased power and stability of PCs now available in the marketplace. Lengthening the useful life of the PC can, of course, produce savings. How much savings will depend on the particular situation.

Imaging

Four (4) agencies – Orangeburg Calhoun TEC, Retirement Systems, Piedmont TEC, and the Office of Employee Insurance Programs of the Budget & Control Board – are enhancing existing systems with additional storage, web interfaces, and network improvements. One agency, the Department of Insurance, is planning an entirely new imaging system, and the USC Graduate School is migrating a system from LaserFiche to IBM Content Manager.

Telephone Systems

Piedmont TEC, Florence-Darlington TEC, and three divisions of DHEC are planning new or replacement phone systems. In most cases, the purpose is to add voice mail to the system. The CIO's office is upgrading a switch. Both of the TEC schools are converting to IP phones.

New Applications

The following are a few of the new applications proposed by agencies for 2004-05. The future of most of these applications will, of course, depend upon funding decisions.

Providing Web-Access to the State's Historical Records (Archives and History)
By the year 2006, the State Department of Archives and History hopes to have its catalog of state historical records holdings converted to a library-type database system and made available to citizens via the internet. Today, the database containing this information runs under an antiquated DOS-based system and is accessible only to citizens who physically visit the Department's facilities. This inconvenience has been the source of frequent criticism and complaint from local citizens. The new database system will permit a citizen to access the catalog from the convenience of his or her home or office, and in many cases will provide a direct link to a digitized copy of the historical document itself. Systems of this type have already proved successful in many other states. If the project receives funding, the Department will upgrade its workstations, acquire software, and begin working with a contractor immediately to bring about the required system changeover.

Imaging Mug Shots, Signatures, and Fingerprints (SLED)
SLED's 2004-05 IT plan calls for the development of a system that will provide law enforcement officers with mug shot images of the offenders they are on the lookout for. Presently, officers have to make do with verbal descriptions and all the uncertainty that entails. Under the new system, they will be able to call up a photographic image on their laptop and see exactly what a suspect looks like. SLED has already developed a photo-based system for sex offenders, and that system will be merged into this larger database. The system will also provide for signatures and will access SLED's AFIS automated fingerprint system to provide fingerprint images. The system, which will be developed on server rather than the UNISYS mainframe, depends upon a federal grant.

Online Program Enrollment (Employee Insurance Programs/ B& CB)
The Budget and Control Board's Office of Employee Insurance Programs (EIP) is in the process of developing an electronic enrollment system that will enable state employees, statewide, to prepare Notice of Election (NOE) forms on-line. Presently, when an employee wishes to elect an insurance coverage or change an amount withheld in a MoneyPlus account or enroll in a new medical plan, etc, he or she must fill out a paper form and send it to EIP, where it is then manually key-entered. With transaction volumes now reaching 120,000 per year – and with 65,000 of those occurring in the single month of October - the present system was clearly in need of a change. Under the new system, which will be piloted this fall and hopefully put into full operation by October 2005, all NOE information will be entered from the employee's computer, with confirmations returned by the same means.

Forecasting Energy Usage (Budget & Control Board, State Energy Office)
In FY 2004-05, the State Energy Office will implement a new system for predicting the state's future energy usage in terms of probable electricity and fuel consumption levels. To do this, the Office will procure a PC-based software package and a statistical database consisting of twenty years of historical energy usage data. Combining the historical data with weather projections will enable the Office to project energy usage levels for the coming year. This type of information is, of course, valuable to utility planners as well as government and other organizations looking into alternative fuel sources. The system is being modeled after a similar system already in use in North Carolina.

Unified Messaging Projects (USC Aiken and USC Spartanburg)
Both USC/Aiken and USC/Spartanburg are embarking on Unified Messaging projects in FY 2004-05. Their initial efforts calls for the combining of e-mail and voice-mail data on a single system, but not yet fax data. While the e-mail/voice mail combination appears to offer definite and immediate efficiency enhancements at the two campuses, the benefits

of including fax data are not as clear. Both schools are still in the exploration phase, still talking to vendors and examining products.

Assistance Needed

Lastly, we would like to ask your assistance in seeing that an important item of information is added to our online State Directory.

As you know, e-mail addresses have become almost as essential as telephone numbers in our day-to-day business. They should, therefore, be just as easily accessible. Our State Directory provides for the inclusion of e-mail addresses, but so far this feature hasn't been utilized. To use the feature requires that agency personnel enter their e-mail addresses into the system, and this simply hasn't been done.

We would ask that you assist us by working with your agency's telephone coordinator to see that these addresses are entered. If there are any questions regarding the procedures for doing this, your coordinator may call John Zemp in the CIO' office at 803-896-0401 or contact him by e-mail at jzemp@cio.sc.gov.